

# Risk Management





## Mission Statement

The Risk Management Department effectively forecasts, controls and mitigates the City's risks through the administration of comprehensive prevention-oriented safety and liability and loss control programs. The Department also provides high quality service to employees through a variety of health, safety, savings, and other employee benefit programs. These programs greatly enhance the working environment and serve as incentives for employee recruitment, retention, and satisfaction while protecting the City's assets, and employees.

## Department Description

The Risk Management Department manages the City's self-insured workers' compensation programs, coordinates public liability and loss control measures intended to forecast and reduce the City's exposure to risks, administers employee health and safety programs, employee benefits contracts, and programs including employee savings plans, long term disability plan, and employee assistance program.

## Service Efforts and Accomplishments

As a result of internal reviews and external operational assessments conducted in recent years, and in response to rapidly rising workers' compensation costs, Risk Management developed an optimization plan. This plan continues to increase all City departments' awareness of the areas where losses are occurring and where resources should be applied to reduce the volume and subsequent costs of incidents. The Safety and Environmental Health Division is working with City Departments to develop aggressive, prevention-oriented programs intended to increase safety awareness and accountability while lowering injury rates and costs. The Workers' Compensation Division has implemented best practices for claims administration, including a Medical Provider Network for the optimal treatment of the City's injured workforce.

# Risk Management

## Budget Dollars at Work

- \$1.7M Saved by aggressively reviewing Workers' Compensation medical bills
- \$1.8M Recovered from third parties for damage to City property
- 260 New employees enrolled in the City's benefit programs
- 645 Requests processed to change 401(k) and/or deferred compensation contributions and retirement plan transfers

## Department Summary

Risk Management				
	FY 2006 BUDGET	FY 2007 BUDGET	FY 2008 PROPOSED	FY 2007-2008 CHANGE
Positions	78.17	58.25	84.25	26.00
Personnel Expense	\$ 6,651,949	\$ 4,972,698	\$ 7,438,526	\$ 2,465,828
Non-Personnel Expense	\$ 2,058,326	\$ 4,995,587	\$ 1,599,215	\$ (3,396,372)
TOTAL	\$ 8,710,275	\$ 9,968,285	\$ 9,037,741	\$ (930,544)

## Department Staffing

	FY 2006 BUDGET	FY 2007 BUDGET	FY 2008 PROPOSED
<b>RISK MANAGEMENT ADMINISTRATION</b>			
<b>Risk Management</b>			
Administration	7.92	7.50	7.00
Employee Benefits	10.50	0.00	17.00
Public Liability & Loss Recvry	16.00	17.00	17.00
Safety & Environmental Health	12.00	0.00	9.00
Workers' Compensation	31.75	33.75	34.25
<b>Total</b>	<b>78.17</b>	<b>58.25</b>	<b>84.25</b>

## Department Expenditures

	FY 2006 BUDGET	FY 2007 BUDGET	FY 2008 PROPOSED
<b>RISK MANAGEMENT ADMINISTRATION</b>			
<b>Risk Management</b>			
Administration	\$ 1,013,387	\$ 4,647,571	\$ 915,094
Employee Benefits	\$ 1,363,711	\$ 2	\$ 1,386,900
Public Liability & Loss Recvry	\$ 1,710,620	\$ 1,831,563	\$ 1,895,862
Risk Management	\$ -	\$ (114,055)	\$ 57,898
Safety & Environmental Health	\$ 1,222,337	\$ -	\$ 870,472

# Risk Management

## Department Expenditures

	FY 2006 BUDGET	FY 2007 BUDGET	FY 2008 PROPOSED
<b>RISK MANAGEMENT ADMINISTRATION</b>			
<b>Risk Management</b>			
Workers' Compensation	\$ 3,400,220	\$ 3,603,204	\$ 3,911,515
<b>Total</b>	<b>\$ 8,710,275</b>	<b>\$ 9,968,285</b>	<b>\$ 9,037,741</b>

## Significant Budget Adjustments

### RISK MANAGEMENT ADMINISTRATION

Risk Management	Positions	Cost	Revenue
<b>Salary and Benefit Adjustments</b>	0.00	\$ 372,644	\$ 0
Adjustments to reflect the annualization of the Fiscal Year 2007 negotiated salary compensation schedule, changes to average salaries, retirement contributions, retiree health contributions, and other benefit compensation.			
<b>Transfer from Labor Relations Department</b>	28.50	\$ 2,486,217	\$ 0
Transfer of staff and related non-personnel expenditures from the Labor Relations Department. Activities transferred include Long Term Disability Payment Processing, Benefits Enrollment and Maintenance, Safety and Environmental Health, Employee Assistance Program (EAP), and Plan Services.			
<b>Increase to Retiree Health Care-Other Post-Employment Benefits (OPEB)</b>	0.00	\$ 173,319	\$ 0
Addition of funds to be applied towards the total liability for retiree health care.			
<b>Support for Information Technology</b>	0.00	\$ 151,332	\$ 0
Funding is allocated according to a zero-based annual review of information technology funding requirements and priority analyses.			
<b>Funding for the Enterprise Resource Planning (ERP) System</b>	0.00	\$ 32,855	\$ 0
This system will integrate all data and processes of the City's core functions into a unified data system. The ERP will replace independent applications the City has in place that will eliminate the need for external interfaces, provide a range of standardization, reduce maintenance, and allow for greater reporting capabilities.			

# Risk Management

## Significant Budget Adjustments

### RISK MANAGEMENT ADMINISTRATION

Risk Management	Positions	Cost	Revenue
<b>Revised Revenue</b>	0.00 \$	0 \$	(3,100,421)
Adjustment to Fiscal Year 2007 revenue to reflect Fiscal Year 2008 revenue projections.			
<b>Non-Discretionary</b>	0.00 \$	(31,031) \$	0
Adjustments to reflect expenses that are determined outside of the Department's direct control. Examples of these adjustments include utilities, insurance, and rent.			
<b>Vacancy Savings</b>	0.00 \$	(176,197) \$	0
Adjustments in personnel expense from positions that are projected to be vacant for a period of time in Fiscal Year 2008 due to personnel transition and salary differentials for new employees.			
<b>Savings from Business Process Reengineering (BPR) and the Five-Year Financial Outlook</b>	(2.50) \$	(228,849) \$	0
Expenditure adjustments in personnel and non-personnel expenses as a result of position reductions and BPR.			
<b>One Time Expenditure Removal</b>	0.00 \$	(3,710,834) \$	0
Removal of budgeted transfers related to the revised City Contribution rate. Expense is no longer necessary due to departmental reorganization efforts implemented.			

## Expenditures by Category

	FY 2006 BUDGET	FY 2007 BUDGET	FY 2008 PROPOSED
<b>PERSONNEL</b>			
Salaries & Wages	\$ 4,462,195	\$ 3,316,041	\$ 4,765,050
Fringe Benefits	\$ 2,189,754	\$ 1,656,657	\$ 2,673,476
<b>SUBTOTAL PERSONNEL</b>	\$ 6,651,949	\$ 4,972,698	\$ 7,438,526
<b>NON-PERSONNEL</b>			
Supplies & Services	\$ 724,064	\$ 4,192,845	\$ 747,793
Information Technology	\$ 1,286,423	\$ 774,860	\$ 802,498
Energy/Utilities	\$ 39,937	\$ 23,882	\$ 41,022
Equipment Outlay	\$ 7,902	\$ 4,000	\$ 7,902
<b>SUBTOTAL NON-PERSONNEL</b>	\$ 2,058,326	\$ 4,995,587	\$ 1,599,215
<b>TOTAL</b>	\$ 8,710,275	\$ 9,968,285	\$ 9,037,741

# Risk Management

## Salary Schedule

### RISK MANAGEMENT ADMINISTRATION

#### Risk Management

<i>Class</i>	<i>Position Title</i>	<i>FY 2007 Positions</i>	<i>FY 2008 Positions</i>	<i>Salary</i>	<i>Total</i>
1105	Administrative Aide I	0.50	<b>0.50</b>	\$ 43,820	\$ 21,910
1218	Assoc Management Analyst	1.00	<b>1.00</b>	\$ 64,539	\$ 64,539
1256	Benefits Representative II	0.00	<b>9.00</b>	\$ 39,397	\$ 354,573
1340	Claims Aide	8.50	<b>9.50</b>	\$ 43,781	\$ 415,916
1341	Claims Clerk	11.75	<b>12.75</b>	\$ 37,598	\$ 479,370
1343	Claims Representative II	18.50	<b>18.50</b>	\$ 63,932	\$ 1,182,751
1348	Info Systems Analyst II	1.00	<b>1.00</b>	\$ 64,621	\$ 64,621
1349	Info Systems Analyst III	1.00	<b>1.00</b>	\$ 71,601	\$ 71,601
1391	Supv Claims Representative	4.00	<b>4.00</b>	\$ 77,578	\$ 310,312
1406	Employee Assistance Counselor	0.00	<b>1.00</b>	\$ 62,461	\$ 62,461
1407	Employee Benefits Specialist II	0.00	<b>1.00</b>	\$ 65,036	\$ 65,036
1417	Employee Benefits Specialist I	0.00	<b>2.00</b>	\$ 53,812	\$ 107,624
1429	Employee Assistance Program Manager	0.00	<b>1.00</b>	\$ 80,525	\$ 80,525
1535	Clerical Assistant II	1.00	<b>3.00</b>	\$ 35,402	\$ 106,206
1811	Rehabilitation Coordinator	1.00	<b>1.00</b>	\$ 70,130	\$ 70,130
1816	Claims & Insurance Manager	2.00	<b>3.00</b>	\$ 89,147	\$ 267,441
1823	Safety Officer	0.00	<b>2.00</b>	\$ 70,176	\$ 140,352
1826	Safety Representative II	0.00	<b>4.00</b>	\$ 60,959	\$ 243,834
1876	Executive Secretary	1.00	<b>1.00</b>	\$ 52,009	\$ 52,009
1879	Sr Clerk/Typist	1.00	<b>1.00</b>	\$ 43,313	\$ 43,313
1917	Supv Management Analyst	1.00	<b>1.00</b>	\$ 80,610	\$ 80,610
1937	Sr Claims Representative	3.00	<b>3.00</b>	\$ 69,860	\$ 209,581
1972	Safety & Training Manager	0.00	<b>1.00</b>	\$ 79,948	\$ 79,948
2157	Risk Management Director	1.00	<b>1.00</b>	\$ 134,252	\$ 134,252
2214	Deputy Director	1.00	<b>1.00</b>	\$ 113,358	\$ 113,358
	Vacancy Factor Adjustment	0.00	<b>0.00</b>	\$ -	\$ (147,223)
	Ex Perf Pay-Classified	0.00	<b>0.00</b>	\$ -	\$ 4,224
	Temporary Help	0.00	<b>0.00</b>	\$ -	\$ 85,776
	<b>Total</b>	<b>58.25</b>	<b>84.25</b>	<b>\$</b>	<b>4,765,050</b>
<b>RISK MANAGEMENT TOTAL</b>		<b>58.25</b>	<b>84.25</b>	<b>\$</b>	<b>4,765,050</b>

# Risk Management

## Revenue and Expense Statement (Non-General Fund)

### RISK MANAGEMENT ADMINISTRATION 50061

	FY 2006* BUDGET	FY 2007* BUDGET	FY 2008* PROPOSED
<b>BEGINNING BALANCE AND RESERVE</b>			
Balance from Prior Year	\$ 2,795	\$ -	\$ -
<b>TOTAL BALANCE</b>	\$ 2,795	\$ -	\$ -
<b>REVENUE</b>			
City Contributions - General Fund	\$ 5,202,164	\$ 7,666,630	\$ 6,019,136
City Contributions - Other Funds	\$ 2,679,903	\$ 3,949,476	\$ 3,018,605
Services Rendered to Others	\$ 825,413	\$ 522,056	\$ -
<b>TOTAL REVENUE</b>	\$ 8,707,480	\$ 12,138,162	\$ 9,037,741
<b>TOTAL BALANCE AND REVENUE</b>	\$ 8,710,275	\$ 12,138,162	\$ 9,037,741
<b>OPERATING EXPENSE</b>			
Operating Expenses	\$ 8,710,275	\$ 6,257,451	\$ 9,037,741
Transfer to Other Funds	\$ -	\$ 5,693,854	\$ -
<b>TOTAL OPERATING EXPENSE</b>	\$ 8,710,275	\$ 11,951,305	\$ 9,037,741
<b>TOTAL EXPENSE</b>	\$ 8,710,275	\$ 11,951,305	\$ 9,037,741
<b>BALANCE</b>	\$ -	\$ 186,857	\$ -
<b>TOTAL EXPENSE, RESERVE AND BALANCE</b>	\$ 8,710,275	\$ 12,138,162	\$ 9,037,741

\* At the time of publication audited financial statements for Fiscal Year 2006 were not available. Therefore, the Fiscal Years 2006 and 2007 columns reflect final budget amounts from the Fiscal Year 2006 and 2007 Annual Budgets. As such, balances and reserves do not reflect carryover from the previous fiscal year.